The Brazilian Delegation believes that what GATT is going to be, cannot be considered independently of other international efforts to solve problems of trade and development through international co-operation. GATT can be a part of a broader organization, including other bodies, both in existence and to be set eventually, dealing with all problems connected with trade and development, all efficiently co-ordinated by a centralized body or it can try to take over several of these functions that are not dealt with adequately and become itself the co-ordinating agency.

This broader view of the whole question will be considered by the United Nations Conference on Trade and Development. It has already been dealt with by a Committee of Experts who prepared a report submitted to the second session of the Preparatory Committee of the Conference. This report contains the preliminary examination of distinct suggestion or proposals, namely:

(i) the setting up of a completely new specialized agency, an International Trade Organization;

(ii) that governments use more fully and constructively the machinery at their disposal by (a) further evolution of the GATT in directions in which it is already moving, plus (b) reorganization of the work of the Economic and Social Council and the General Assembly so that they can perform more efficiently the co-ordinating functions that they are expected under United Nations Charter to perform;

(iii) that a positive revision of GATT structure should be considered as an independent objective, that is independent of other changes in the United Nations apparatus in general. This structure could be strengthened in one or more of the following ways:

(a) Revision of the General Agreement to reflect more adequately the concerns and responsibilities of GATT in expanding the trade of the less-developed countries.

(b) a separate supplementary agreement on trade between highly-developed and less-developed countries;
(c) a supplementary agreement on trade among less-developed countries;

(d) a special agreement under GATT auspices on relations between state-trading countries and market economies;

(e) provision of a single secretariat to serve both the General Agreement and the special agreements;

(f) convening of periodic conferences under GATT auspices of the General as well as Special Agreements to consider common policy.

(iv) To establish a permanent forum which could be open to all members of the United Nations and would be supported by a representative standing committee and a competent executive organ within the United Nations Secretariat itself. All the existing organizations dealing with problems of trade and development such as GATT, IMF, FAO, the commodity councils, the regional economic commissions, would agree to work under the umbrella of the forum.

All these proposals for an overall, comprehensive, broad solution to problems of trade and development are abundantly discussed in the Report of the Group of Experts (doc. E/5756) and in the Report of the second session of the Preparatory Committee itself. We do not want to have these discussions repeated here. But we think it useful that we try and co-ordinate our work with the work going on in the broader international forum on the same problems. First of all we suggest that copies of these basic reports be made available to all members of this Committee - I believe we all are fully acquainted with them, however - and be taken into account in our debates.

Three of the proposals examined by the experts of the United Nations deal with GATT, or, rather, are based on the idea of making full use of GATT towards the solution of trade and development problems of less-developed countries, either through suitable amendments of the General Agreement, or the negotiation of additional agreements. If our programme of work proceeds on its own steam, without taking these into consideration it might result in the framing of a fifth solution, to be added to these envisaged by the United Nations experts. It would be extremely difficult to fit the fifth solution into the plans for overall treatment of problems of trade and development covered by the four proposals examined by the United Nations. We might, presumably, arrive at an agreement on the amendment of the General Agreement without looking at the broader problems such a revision is meant to cover as well as the purposes in view.
This independent procedure could be justified by the legal structure of GATT, of course. Nothing could prevent the CONTRACTING PARTIES from deciding what to do with the Agreement whatever they wish. However, we are all members of the United Nations, though not all members of the United Nations are contracting parties. The governments we represent do not change in nature and views when they sit around this table or in another room in this building, with a different notice on the door. We have to follow a coherent policy and, little by little, brick by brick, lay the structure of international co-operation in the field of trade and development. This presumes co-ordinated action of international organizations, so that the work of one does not conflict but rather contributes to the work of another, in the common interest. We do not wish to prejudge the several proposals that will be studied in the United Nations Conference on Trade and Development. We are in GATT, let's talk GATT, provided what we say here fits in with what we say elsewhere.

Several countries, represented by experts in the United Nations group, and members both of the Preparatory Committee of the United Nations Conference on Trade and Development and of this Committee, have presented definite views contained in the reports mentioned above concerning the adequacy of GATT mechanisms, the way it should be adapted or enlarged to take care of trade and development problems of the less-developed countries. The analysis of these views and suggestions is fully within the competence of this Committee, and we should by all means examine them here. There is a wide difference between several proposals examined by the United Nations Group of Experts. Whatever the differences, they have one thing in common. They are comprehensive, that is they mean to take care of all trade and development problems of less-developed countries. I say they mean to, because some of these problems are adequately taken care of in some of them, some less than adequately, some not at all. But the avowed intention is there. I do not propose to examine all these problems, or suggestions, but will confine myself to GATT matters whatever the scope, as extension of these.

As I said, three of the proposals mentioned affect GATT, as part of a broader scheme, of which GATT is either the main body or an important part of it. The Netherlands expert in the United Nations Groups, Professor Korteweg for instance, suggested the strengthening of GATT structure through a revision of the General Agreement and separate supplementary agreements. This is a private view, but it had the support of delegations in the Preparatory Committee. We would appreciate hearing from the delegation of the EEC on how far these views are espoused by the member countries of the Community.
We do not intend to take sides right now on these proposals. When they were put forward, in the United Nations, it was on the assumption that they could be made into reality. We are meeting for this purpose and the Brazilian delegation wishes to know if, in so far as they concern GATT, they can be accepted as real possibilities that can be worked on, and examined later in the United Nations as alternatives to the other proposals under study there. If they are not realistic, let us be sure of it now. In the United Nations later we will refer them to the work of this Committee and say, with assurance, that the competent GATT body chose one proposal and rejected another. We would like to know the opinion of the Executive Secretary and other delegations as to whether the suggestion contained in document Spec(63)266 could be considered as integrated into one of the four distinct proposals or as a different one. In case it is recognized as a separate and independent way to the solution of trade and development problems, we would like to know how comprehensive it is intended to be and how it is supposed to cover a number of measures required to increase export earnings of less-developed countries and speed up their development.

The Brazilian delegation does not intend to put forward at the moment concrete proposals for a revision of the present institutional arrangements. We want to be realistic. Our experience with the Havana Charter has taught us what happens to documents that are not considered realistic by most countries.

Therefore, we ask how far the leading industrialized countries intend to go in providing adequate institutional framework for the solution of trade and development problems of less-developed countries, a solution that it is in their power to facilitate.

We could, ourselves, formulate suggestions for the revision of GATT in connexion with other international efforts at institutional organization, but there would have to be different sets of suggestions, each adequate in relation to one of the several broader plans. If GATT is going to be the one institution, the revision would have to be framed in one way. If it is to be part of a broader organization, with specialized competence in a more limited field, the amendment of the General Agreement would have to be approached from an entirely different angle.

We are not going to embark on any one of these formulas and put up concrete proposals unless we know that they are not going to be simply turned down by the leading industrialized countries. This is a preliminary meeting and we want to know the intentions of these countries, just as much as they wish to know our view, because without co-operation, we are not going to set up anything. We insisted on the comprehensive approach to the revision of GATT because unless we are able to make a start in the right way
to a comprehensive, definite solution of trade and development problems our work would be in vain. We do not believe in patching up inadequate and obsolete legal provisions. We have to make a fresh start and build something that will at least lead to a hope in less-developed countries that their problems will be duly taken care of. If this cannot be done, we had better remain as we are and improve our present machinery in the pragmatic, unconventional way.

In the second session of the Preparatory Committee of the United Nations Conference, the Brazilian delegation submitted a paper listing issues and practical measures in the field of trade policies for economic development. This paper (E/CONF.46/PC.38) covered all possibilities of action already included in existing proposals as well as all that could be eventually considered. We can provide copies of this document to any delegation interested in it. If we compare the activities of GATT at present, both in the realm of conventional and unconventional measures, with the listing of possible measures we see the vast gap between what has been done and what could be done. There are numbers of issues and measures that are far from adequately considered in existing arrangements and others that are not provided for at all.

Most of the measures envisaging planning and organization of trade flows have no adequate place in GATT. For instance, the study of structural changes; the harmonization and improvement of measures affecting production, transportation and marketing, such as problems of standards, marketing arrangements and so on, as well as most promotional measures could only be fitted into the present structure by a violent stretching of its bounds which could not be effected without mutilating the whole or seriously affecting the efficacy of any scheme for the treatment of these problems.

In the field of aid, the gap between needs and instruments is much wider. We have to decide what agency or agencies are to take care of assistance in the field of technical co-operation; in the field of rationalization and diversification or production, of financial assistance in social and economic investment, of compensatory financing and the financing of exports. We cannot disregard other international efforts in these fields and any satisfactory solution must be a comprehensive solution that will cover the existing gaps and provide for smooth and co-ordinated operation. The pragmatic approach in this case can be a stop gap but not a permanent solution. At least, not a desirable one.

We would appreciate hearing from other delegations how they envisage the solution of these problems through multilateral co-operation. To say that other organizations take care of them is not enough. If GATT is to be one of the main instruments of international action in the field of trade and development, these problems have to be dealt with here, adequately, in the measure of their importance. If this cannot be done, let us say so, let us recognize the present or potential limitations of the General Agreement and state clearly that this or that problem is outside the scope of GATT and some other organization should take care of it, so that the United Nations Conference on Trade and Development can provide accordingly.
From what I have said so far, it is quite clear that the Brazilian approach to the question of the institutional framework is much more ambitious than the institutionalization of existing activities, the legal authorization for the normal adoption by the less-developed countries of some unavoidable measures at present covered by waivers and mild recommendations for particular attention and favourable consideration of the pressing, life and death problems of less-developed countries. We stand for the basic review of the principles and philosophies of the General Agreement and of the operative provisions. We believe a full solution of trade and development problems of less-developed countries must be found through the solution of trade and development problems in general, as they affect trade flows other than those directly touching less-developed countries, as we cannot cut these off from their integration in world trade as a whole and find for them formulas that are in conflict with the overall solutions. Therefore, the formulas we develop here must agree with the basic principles of the institutional framework; they have to be acceptable, that is, to accommodate the interests of the highly-developed countries that would have to accept voluntarily a certain burden and they have to be acceptable also to the less-developed countries, not only contracting parties but also those countries at present outside the Agreement.

I ask other delegations whether it is expected that the eventual acceptance of the proposal contained in document Spec(63)266 would have as an effect the accession of other less-developed countries. Without them, without the universalization of the institutional framework not only in so far as less-developed countries are concerned, but also with regard to all developed countries, we cannot achieve a satisfactory solution of trade and development problems. The institutional framework we envisage should be organized on the basis of universal participation and operate with an adequate degree of centralization in order to deal in an integrated manner with international trade and development problems. It should harmonize, balance and activate the different flows of trade with regard, in particular, to solving in a co-ordinated manner all problems arising from international trade in the context of economic development. It should provide in particular for special treatment of the trade and development problems of developing countries and for satisfactory solutions to them. It should contain adequate machinery for implementation of decisions and the enforcement of commitments, particularly with a view to safeguarding the rights and benefits accruing to developing countries. It should, last but not least, contain suitable technical organs for quantifying trade and development needs, the possible effects of alternative measures, as well as the results of policies in the process of implementation.

We envisage, chiefly, the amendment of the objectives of the General Agreement along the following lines:
(i) providing for the economic development of less-developed countries through the expansion of their export earnings;

(ii) facilitating trade between countries with different social and economic systems.

The acceptance of these objectives would entail the review of certain principles; particularly the qualification of the notion of freedom of trade according to the needs of economic development. In this connexion, the following needs should be recognized:

(a) the need to give less-developed countries special, more favourable conditions, so as to reduce or cancel the disadvantages suffered by them through the difference in economic structure;

(b) the need to offer equality of trade opportunities to all less-developed countries;

(c) the need to incorporate in the volume of international trade covered by GATT the important part represented by countries with centrally-planned economies, through rules guaranteeing the equivalence of mutual concessions.

Starting from these principles, several new rules should be introduced. Last week we presented our views on the problem of granting preferences to less-developed countries as a whole. We believe Article I should be amended accordingly. Most of the present provisions would have to be amended in order to ensure special treatment of the particular trade problems of less-developed countries and new provisions would have to be formulated to cover adequately the whole range of measures needed if we are to provide for real solutions. Then, and only then will we have an agreement that less-developed countries will hurry to join as they will know it will be able to provide them with a better chance for development than they have now.

We appreciate the effort that has gone into the formulations of document Spec(63)266 and we sincerely thank the Executive Secretary for his untiring labour to find satisfactory solutions for our problems within the limiting provisions of the General Agreement. However, we think that the proposal we are studying does not cover many of the questions which we consider particularly significant. It is very difficult for us, then, to remain within its bounds in our debates. The Brazilian delegation, having set forward these views, wishes to express its confidence in the good will and comprehension of all countries represented here in the hope that they will act in the wide and constructive way the world public opinion expects from GATT.